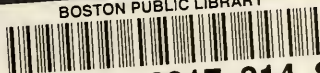


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UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA



In three Parts



Part II

COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 7. - PARAGUAY

Washington

1940

THE AMERICAS



UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA

A report on the Trade of Latin America
with Special Reference to Trade
with the United States

Under the General Provisions of Section 332
Part II, Title III, Tariff Act of 1930

In three Parts

PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF
INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 7. - PARAGUAY

Washington
1940

UNITED STATES TARIFF COMMISSION

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FOREWORD

This analysis of the commercial policies of Paraguay and its trade relations with the world and with the United States, 1929-38, is one of a series making up part II of a report by the United States Tariff Commission on the Foreign Trade of Latin America. Part I deals with the trade of Latin America as a whole, part II with the trade of individual Latin American countries, and part III with Latin American export commodities. Part I contains a short description of the Latin American area, a consideration of the commercial policies of the Latin American countries, an examination of the total trade of Latin America with the world and with the United States, and an analysis of special problems in the foreign trade of Latin America, including those arising out of the present European war. Part II, consisting of 20 sections, is a survey of the commercial policy and the foreign trade of each of the 20 Latin American republics, with special emphasis on the trend, composition and destination of exports, and the trend, composition, and source of imports. Each section also contains an analysis of the trade of the United States with the particular country. Part III deals individually with approximately 30 selected Latin American export commodities; for each there is a discussion of production, exports, trade barriers, competitive conditions, and the effects of the European war.

The countries covered in part II of this report are as follows:

Section 1. - Argentina ✓

do. 2. - Bolivia ✓

do. 3. - Brazil ✓

do. 4. - Chile ✓

do. 5. - Colombia ✓

do. 6. - Ecuador

do. 7. - Paraguay

do. 8. - Peru

do. 9. - Uruguay

do. 10. - Venezuela

do. 11. - Costa Rica

do. 12. - El Salvador

do. 13. - Guatemala

do. 14. - Honduras

do. 15. - Nicaragua

do. 16. - Panama

do. 17. - Mexico

do. 18. - Cuba

do. 19. - Dominican Republic

do. 20. - Haiti

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COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL LATIN AMERICAN COUNTRIES

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SECTION 7. - PARAGUAY

Paraguay - A Description

Physical characteristics.

Paraguay,^{1/} one of the two inland countries of South America, is bordered on the north and east by Brazil, on the east and south by Argentina, and on the west by Argentina and Bolivia. Its area, approximately 150,000 square miles, is roughly equal to that of California. Unlike Bolivia, Paraguay is not landlocked; direct access to the sea is afforded by the Paraná-Paraguay river system, two branches of which form the southern boundary and parts of the eastern and western boundaries of the country.

Paraguay may be divided into two regions. The eastern section of the country, that part east of the Paraguay River, is traversed from north to south by a broad, irregular belt of highlands which are a continuation of the great interior plateau of Brazil. Elevations only occasionally exceed 2,200 feet. This part of Paraguay is heavily forested. In the forest clearings, where practically all agriculture is carried on, the soil is extremely fertile.

The western part of the country consists of grassy plains, with occasional forest-covered hills, drained by the numerous streams flowing into the Paraguay River. The plains are especially adapted to the raising of livestock.

^{1/} Officially known as República del Paraguay (Republic of the Paraguay).

About two-thirds of Paraguay lies within the Temperate Zone, and one-third in the Tropics. The climate is subtropical, but is considerably modified by the mountain chains and the extensive system of waterways. Rain is abundant throughout the year.

Population.

The Paraguayan census of 1899 showed a population of 656,000. According to official estimates, the population in 1938 was about 955,000, an average of about 6 persons to the square mile. The greater number of the inhabitants, however, live in the area east of the Paraguayan River. About one-fifth are concentrated in four cities - Asunción, the capital (105,000), Villarica (36,000), Itá (30,000), and Capiatá (20,000).^{1/}

The people of Paraguay are chiefly of Spanish descent, Indians, and mixed races. There are practically no Negroes in the country. The number of immigrants in the period 1905-37 totaled 29,500. Immigration in 1937 (chiefly of Poles) amounted to 4,775. In Paraguay, both Spanish and Guaraní, the language of the now extinct Guaraní Indians, are spoken.

Natural resources and economy.

Agricultural industries. - The climate and soil of Paraguay are especially suited to agriculture, which is concentrated in the forest clearings of the eastern part of the country. Agricultural products (as distinct from pastoral and forest products) ordinarily account for about one-third of total exports.

^{1/} Estimates as of Dec. 31, 1937.

The leading export crop is cotton, production of which increased from 17 thousand bales in 1929-30 to 42 thousand bales in 1938-39. In 1938 cotton accounted for more than one-fourth of all Paraguayan exports, as compared with less than 6 percent in 1929.

Tobacco, sugar, and citrus fruits are other important crops. Statistics of tobacco production are not available for recent years. Exports, however, declined in the decade 1929-38; those in 1938 amounted to only 6 million pounds, as compared with 19 million pounds in 1929. Most of the domestic tobaccos are apparently consumed within the country. Production of sugar is insufficient to meet local requirements, and some must be imported. A large part of the sugar cane grown in Paraguay is used in the production of molasses and rum for the domestic market. Oranges, tangerines, and grapefruit are grown in many parts of the country, principally for the domestic market, although some are exported.

Other Paraguayan agricultural products are corn, rice, wheat, barley, beans, coffee, mandioca, indigo, grapes, bananas, pineapples, and olives. Production of some of these is large, and consumption of all of them occurs chiefly within the country.

Forest industries. - Forest products ordinarily account for about one-third of all Paraguayan exports. The leading forest product is quebracho, most important as a source of tannin, and also in demand in South America for building purposes and for railroad ties. Argentina and Paraguay together account for practically the entire world production; about one-fifth of the supply of quebracho wood is believed to be located in Paraguay. Quebracho extract is one of

Paraguay's chief exports, ordinarily accounting for about one-fifth of total exports, in terms of value; in 1938 exports amounted to 81 million pounds.

Exports of quebracho extract have been controlled and restricted in recent years through the operation of agreements between the producers in Argentina and Paraguay. Under these agreements, the producers limit their output pro rata according to capacity; they also fix prices, and sell through predetermined agencies to assigned markets. This arrangement followed a period of unlimited production and unrestricted competition which proved detrimental to the industry. A fairly small proportion of the extract produced in Paraguay is consumed there.

The second important forest product of Paraguay is yerba maté (Paraguay tea), the base of a beverage used by large numbers of people in rural areas of central and southern South America. Production, largely from wild trees, amounted in 1938 to 32 million pounds, of which 10 million pounds were exported, chiefly to Argentina.

In addition to quebracho and yerba maté, the Paraguayan forests yield a large number of products, including timber of various kinds, vanilla; cinnamon, and a wide variety of dye, fiber-producing, and medicinal plants.

Pastoral industries. - Pastoral industries are an important element in the Paraguayan economy, usually accounting for from one-fourth to two-fifths of the value of all exports. The most important pastoral exports are cattle hides, canned and preserved meats, meat concentrates and extracts, and grease and tallow.

Cattle raising began in Paraguay in 1546, with the importation of 8 head from Spain. By the beginning of the nineteenth century the number was estimated to be 3 million. The disastrous wars of the latter part of the century, however, resulted in the almost complete destruction of the cattle herds, but they were subsequently reestablished. Reliable statistics of the number of cattle are not available for years prior to 1932; in that year there were nearly 4 million in the country. The number declined to less than 3 million in 1934, but is estimated to be approximately 5 million at the present time. According to estimates of January 1937, there were 140 thousand sheep, 125 thousand horses, and 25 thousand hogs in the country.

The cattle raising industry of Paraguay differs markedly from that of Argentina and Uruguay, in that only 17 percent of Paraguayan cattle are of improved stock. The potentialities of Paraguay as a cattle raising country are great, but climatic and other conditions have thus far retarded improvement of the herds.

Mining. - There are large deposits of iron ore in Paraguay, and deposits of copper and manganese have been reported, but no mining operations are carried on. Other minerals found include mercury, kaolin, talc, graphite, marble, quartz, agate, opals, and limestone. There are no coal mines in the country.

Manufacturing. - The leading manufacturing industries of Paraguay are those involving the simple transformation of local raw materials, such as the production of quebracho extract, meat packing, cotton ginning, and the milling of yerba mate. The production of oil of

petitgrain, distilled from the leaves of bitter orange, is also important. Paraguay supplies nearly three-fourths of the world demand for this essential oil, used as a base for perfumes and flavorings. The household industry of lace making is also of considerable importance. Manufacturing has otherwise been little developed in Paraguay, but production of certain consumer goods now supplies much of the domestic demand. These include the cheaper cotton textiles, matches, cigarettes, soap, shoes, leather goods, flour, sugar, distilled spirits, malt beverages, wines, certain medicinal preparations, furniture, and bricks.

The Foreign Trade of Paraguay

Paraguayan exports in 1938 were valued at 12 million gold pesos (8.2 million dollars), and imports at 13 million gold pesos (9 million dollars). Imports into Paraguay usually exceed exports therefrom; in the period 1936-38, the import balance ranged between 236 thousand and 731 thousand dollars.

Paraguayan commercial policy.

The foreign trade of Paraguay during the decade 1929-38 was influenced by the tariff, depreciation of the currency, and by the Chaco War with Bolivia in 1932-35.

The tariff.^{1/} - The Paraguayan tariff is single-column in form, with preferential reductions to Uruguay on livestock, agricultural products, and specified manufactured articles.^{2/} The basic Paraguayan tariff law became effective September 1, 1925. This tariff superseded one based largely on a system of ad valorem rates applied to official unit valuations, such as that maintained by Argentina and Uruguay.

Fundamentally, the Paraguayan tariff is a revenue measure, but protective duties are provided for a few important products, including cotton textiles, shoes, flour, and sugar. The rates in the 1925 tariff are predominantly specific, but a few are ad valorem, and a considerable number of alternative ad valorem and compound specific and ad valorem rates are included. Under various provisions of the tariff, a number of commodities are exempt from import duty. These include, among others, goods purchased by the Government; fresh fruits and vegetables; scientific instruments; and certain types of industrial, agricultural, mining, and transportation machinery and equipment.

Additional duties have been enacted at various times. These range from 7 to 14 percent ad valorem for most dutiable products, and average 5.5 percent for products originally specified as duty-free. Generally, these additional ad valorem duties amount to 7 percent for

^{1/} The import and export valuations employed by Paraguay are calculated "real" values.

^{2/} Agreements with Uruguay, involving tariff concessions, were concluded in 1935 and 1939. Penalty duties authorized in the Tariff Act of 1925 have not been applied.

dutiable nonluxury goods, 9 percent for dutiable luxury goods, and 14 percent for alcoholic beverages. A decree of June 12, 1938, established a consumption surtax of 10 percent of the import duty on many imported articles, based on the 1925 tariff rates.

The Tariff Act of 1925 conferred on the Executive the power to prohibit imports, to reduce or increase duties by as much as one-half, to decree new duties equivalent to 50 percent ad valorem on duty-free goods, and to classify articles not specially provided for in categories specified as duty-free in the tariff law. The conditions stipulated for the exercise of these powers were so broad that they included almost every contingency. Between 1925 and 1934, the Executive increased or decreased the duties on numerous products in varying degrees within the designated limits; increases intended for revenue purposes predominated.

The Chaco War (1932-35) accentuated the revenue requirements of the Government. As one means of increasing revenue, the Executive repealed all reductions in rates made after the Tariff Act of 1925 became effective, and increased by one-half the basic 1925 duty rates on all items except gasoline, lubricating oils, and tires and tubes (for which increases already exceeded the 50 percent limit by virtue of congressional enactment). The rates on all products on which previous increases amounted to less than 50 percent were raised to that limit.

In 1935 the Executive was authorized (until August 31, 1936) to increase customs duties to protect national products against dumping by other countries, to compensate reductions in duty caused by changes

in the official rate of exchange if such duties were designed to be protective, and to reestablish wholly or in part import duties decreased as a result of changes in the official rate of exchange. The increases in rates were to take the form of an adjustment of the proportion of duties which must be paid on the basis of the "gold" peso; that is, the equivalent of gold in terms of Paraguayan paper pesos. Authority was also given to require payment of that proportion in foreign currencies. The Executive accordingly decreed on October 29, 1935, that 30 percent of the duties on most products, and 100 percent on gasoline, should be paid in "gold" or its equivalent in Argentine paper pesos.^{1/} This resulted in a general increase in duties, since Argentine paper pesos must be bought at open-market rates, and these were much higher than the official rate previously governing conversions.

By virtue of continued authorization to adjust the proportion of duties payable on the "gold" basis, the Executive raised that proportion to 40 percent on August 6, 1938, and to 50 percent effective August 1, 1939. The duties on gasoline (and since February 1937 on kerosene) remained convertible 100 percent at the open-market rate. In July 1940, the official rate for converting Paraguayan paper pesos into gold pesos was 79.5454, the open-market rate was 159.09, and the averaging process^{2/} yielded an equivalent of 119.32 Paraguayan paper pesos per tariff unit of 1 "gold" peso. This may be compared with

^{1/} Argentine paper pesos have a fixed ratio of 0.44 to the "gold" peso, which is the Paraguayan and Argentine tariff unit.

^{2/} Authorized under Article 4 of Decree No. 105, effective March 15, 1940.

the rate in the period preceding the inauguration of the present system (October 29, 1935), when all duties were convertible at an official rate of about 57 Paraguayan paper pesos per tariff unit of 1 "gold" peso.

Exchange control. - Exchange control has been in effect in Paraguay since June 1932. For approximately 3 years after that time, practically all exchange was required for governmental needs arising out of the Chaco War. There have been no clearing agreements or practices obviously discriminating between countries.

By a law of August 6, 1932, exchange control was placed under the direction of the Exchange Office (Oficina de Cambios), which had been established on January 28, 1916, primarily to buy and sell gold and foreign exchange, and to issue, exchange, and convert paper currency. After the revolution of February 17, 1936, the Exchange Office was closed for a week. It reopened as the Bank of the Republic (Banco de la República del Paraguay). 1/

The Exchange Office and, subsequently, the Bank of the Republic have been authorized at various times to require delivery, at the official rate, of varying proportions of foreign exchange arising from exports of Paraguayan products. The resulting official exchange has been made available first for the requirements of the Government, and secondly, for imports. Preference has been given to articles considered essential. Whenever official exchange has not been available, it has been necessary to finance imports at the higher open-market rate.

1/ A State bank under the supervision of the Ministry of Finance. A law of Oct. 26, 1939, confirmed the status of the Bank of the Republic as a State bank, and transferred its management to the Ministry of Economy.

By a decree of December 1933, exporters were required to deliver 50 percent of the proceeds of their export drafts to the Exchange Office at the official rate of 18.75 Paraguayan paper pesos to one Argentine paper peso (which has a constant ratio of 0.44 to the Argentine "gold" peso).^{1/} In the latter part of 1934, because of inability to control open-market transactions, the Exchange Office entered the open market for the purpose of controlling rates and acquiring exchange for Government requirements.

In August 1935 the official rate was changed from 18.75 to 25 Paraguayan paper pesos to one Argentine paper peso, and in February 1936 to 35 Paraguayan paper pesos to one Argentine paper peso.^{2/} By the end of March 1936 the amount of exchange available had declined to such an extent that the Bank was buying Argentine paper pesos in limited amounts at 60, and selling at 60.50 Paraguayan paper pesos, and was specifying the types of importers' bills for which exchange was to be used. In August 1936, the Bank requested importers to

^{1/} The Paraguayan gold peso, used in official statistics and in certain banking transactions, is equivalent to the Argentine gold peso (1.6129 grams of fine gold). The circulating medium is the Paraguayan paper peso. In 1923 the paper peso was pegged to the Argentine gold peso at the rate of 42.61 Paraguayan paper pesos to one Argentine gold peso (18.75 Paraguayan paper pesos to one Argentine paper peso). Since that year, the rate has been changed several times. For the years covered in this report the value of the gold peso was as follows: 1929, \$0.9513; 1932, \$0.5844; 1936, \$0.6649; 1937, \$0.7036; 1938, \$0.6866. For 1936-37 the rate of the paper peso was as follows: Official rate - 1936, \$0.0053; 1937, \$0.00511; open-market rate - 1936, \$0.00375; 1937, \$0.00414.

^{2/} For converting a portion of the duties to "gold," the official rate of 35 pesos still was used as late as July 1940 (35 Paraguayan pesos equal 1 Argentine paper peso, and 79.454 Paraguayan pesos equal 1 gold peso), but the official selling rate for financing imports has averaged 70 pesos in recent years. See discussion of the tariff.

limit their purchases of luxury goods, and specified a list of imports for which foreign exchange would be granted at the Bank's rate, approximately 30 percent lower than the open market rate at which exchange for other imports could be purchased.

Since 1936, primarily as a result of internal economic conditions, there has been considerable variation in official buying and selling rates for foreign exchange, and in the proportion of export drafts required to be delivered to the Bank of the Republic. The official exchange selling rate for financing imports rose gradually to an average of 71 Paraguayan paper pesos to the Argentine paper peso in August 1937, and has since remained fairly stable. During May 1940, the Bank of the Republic continued to supply foreign exchange for imports at the official rate of 70 Paraguayan paper pesos to one Argentine paper peso; the average on the uncontrolled market was 72.08.

Import quotas. - The 1938-39 Paraguayan budget law, effective February 4, 1939, authorized the Executive to establish import quotas. The law provided that in the establishment of import quotas, account should be taken of the nature, class, and origin of the goods, and the proportion of Paraguayan products purchased by countries exporting to Paraguay. On June 2, 1939, the Government prohibited all imports not covered by prior permits issued by the Commission of Import Control, acting under the Directorate of the Bank of the Republic. The intention of the import control authorities was to allocate import quotas by countries, the minimum quota to be three-fourths of the value of Paraguayan exports to each individual country.

Later in June 1939 the import permit requirement was modified to exempt parcel post packages valued at less than 50 "gold" pesos. Because of changed conditions, the quota restrictions on imports and the requirement of prior import permits were abolished on March 10, 1940, leaving the tariff as the principal instrument of import control.

Trend of the trade.

Exports. - Paraguayan exports consist almost entirely of agricultural, forest, and pastoral products, but the proportion of the value of total exports attributable to each of these groups varied considerably during the decade 1929-38. Significant developments in the Paraguayan export trade in this period include the marked increase in the quantity and share of exports of cotton, and the decline in the quantity and share of exports of tobacco and yerba maté.

Exports from Paraguay to all countries and to the United States in the period 1924-38 are shown in tables 1 and 2. The year 1929, the earliest shown in the detailed tables hereinafter presented, was not a peak year in exports to the world as a whole, having been exceeded in each year from 1925 to 1928, inclusive. Exports to the United States, shown in table 2, include only direct exports from Paraguay to the United States, and give no indication of the true value of the trade. Some exports which are destined for the United States are doubtless credited in Paraguayan statistics to Argentina or Uruguay. In 1929, for example, exports to the United States are shown as totaling only 5 thousand dollars. A partial list of United States imports credited as entering from Paraguay in that year (see table 12) showed values amounting to 421 thousand dollars. A large part of Paraguayan exports are shipped "in transit" to Argentina, and are subsequently reexported from that country.

Table 1. - Paraguay: Trade with the world, 1924-38

(Value in thousands)

Year	Exports		Conversion rates: 1 gold peso $\frac{1}{\text{equals}}$		Imports	
	Gold pesos	United States dollars			Gold pesos	United States dollars
1924	8,914	6,965	\$0.7813	::	15,684	12,262
1925	15,666	14,316	.9138	::	17,653	16,131
1926	15,498	14,281	.9215	::	12,205	11,247
1927	14,282	13,754	.9630	::	11,978	11,535
1928	15,886	15,327	.9648	::	14,305	13,802
1929	13,460	12,804	.9513	::	13,850	13,176
1930	14,176	11,837	.8350	::	15,139	12,641
1931	12,857	8,580	.6674	::	10,081	6,728
1932	12,873	7,523	.5844	::	6,418	3,750
1933	9,768	7,111	.7280	::	7,160	5,212
1934	12,378	8,298	.6704	::	11,341	7,603
1935	11,396	7,485	.6568	::	11,630	7,639
1936	9,432	6,272	.6649	::	9,814	6,525
1937	12,066	8,490	.7036	::	12,401	8,726
1938	12,017	8,251	.6866	::	13,082	8,982

1/ The Paraguayan gold peso is equivalent to the Argentine gold peso.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economía, República del Paraguay.

Note: Figures do not include gold and silver, but unlike several Latin American countries, Paraguay produces little of these metals.

Table 2. - Paraguay: Trade with the United States, 1924-38 ^{1/}

(Value in thousands)							
Year	Exports				Imports		
	:	:	:	:	:	:	:
	Gold	United	Percent	:	Gold	United	Percent
	pesos	States	of total	:	pesos	States	of total
	:	dollars	to	:	:	dollars	from
	:	:	United	:	:	:	United
	:	:	States	:	:	:	States
1924	: 2/ 945	: 738	: 10.6	:: 2/	: 1,306	: 1,021	: 8.3
1925	: 2/ 91	: 83	: .6	:: 2/	: 1,897	: 1,734	: 10.7
1926	: 1,152	: 1,062	: 7.4	::	: 1,936	: 1,736	: 15.9
1927	: 99	: 95	: .7	::	: 2,224	: 2,142	: 18.6
1928	: 60	: 58	: .4	::	: 2,291	: 2,211	: 16.0
1929	: 6	: 5	: 3/	::	: 2,593	: 2,467	: 18.7
1930	: 26	: 22	: .2	::	: 2,410	: 2,013	: 15.9
1931	: 62	: 41	: .5	::	: 1,628	: 1,036	: 16.2
1932	: 68	: 40	: .5	::	: 823	: 481	: 12.8
1933	: 159	: 116	: 1.6	::	: 377	: 275	: 5.3
1934	: 138	: 93	: 1.1	::	: 396	: 266	: 3.5
1935	: 72	: 48	: .6	::	: 889	: 584	: 7.6
1936	: 94	: 62	: 1.0	::	: 558	: 371	: 5.7
1937	: 942	: 663	: 7.8	::	: 942	: 663	: 7.6
1938	: 1,471	: 1,010	: 12.3	::	: 1,252	: 860	: 9.8

^{1/} For conversion rates, see table 1.

^{2/} Tariff values from Jan. 1, 1924, to Aug. 31, 1925. Real values thereafter.

^{3/} Less than one-tenth of 1 percent.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economía, República del Paraguay.

Note: Because of indirect trade through Argentina and Uruguay, statistics of Paraguayan exports to the United States do not record the total value of the commodities ultimately destined for this market. Prior to 1937 this discrepancy was especially marked.

Exports from Paraguay in 1932 were valued at 12.8 million gold pesos (7.5 million dollars) as compared with 13.5 million gold pesos (12.8 million dollars) in 1929. They were 12 million gold pesos (8.5 million dollars) in 1937, gold peso values for that year representing approximately 90 percent and dollar values about 66 percent of those in 1929. Both gold peso and dollar values in 1938 declined slightly from those in 1937. The decline in 1938 is partly accounted for by the smaller returns from cotton, as a result of unfavorable weather conditions and lower prices. Preliminary reports indicate that in 1939 exports were valued at 13 million gold pesos (approximately 8 million dollars).

Price and quantum indexes of Paraguayan exports are not available. The effect of fluctuations in prices and quantities on the export trade of Paraguay, however, is partially indicated by the export statistics for three leading export commodities - cotton, quebracho extract, and cattle hides - which, in the decade 1929-38, constituted from one-third to two-thirds of all Paraguayan exports, in terms of value. The quantities of these commodities exported from Paraguay, and the average unit values, indicate that the decline in the value of Paraguayan exports from 1929 to 1933 may have been due chiefly to the decline in prices, and the subsequent recovery chiefly to an increase in the quantities of goods exported. Quantities, values, and unit values of exports of selected commodities, in specified years 1929 to 1938, are shown in table 3.

Paraguayan exports of cotton increased from 12,544 bales in 1929 to 51,949 bales in 1937; in 1938 they declined to 40,240 bales. Average unit values (in terms of United States dollars) declined by two-fifths between 1929 and 1932; thereafter they increased, in 1937 exceeding the 1929 figure. In 1938 the unit value dropped off nearly 10 percent, to a point somewhat under that for 1929.

Exports of quebracho extract increased from 92 million pounds in 1929 to 109 million pounds in 1932. In the 3 years 1936-38 they averaged 82 million pounds annually. Average unit values, however, declined in 1932 to less than two-thirds of the 1929 figure, and in the subsequent years shown in table 3 did not vary appreciably.

Exports of cattle hides (dry and salted) increased irregularly from 277 thousand pieces in 1929 to 355 thousand pieces in 1938. Average unit values declined in 1932 to three-fifths of the 1929 figure. Thereafter they increased; in 1937 they reached three-fourths of the 1929 level, but declined slightly in 1938.

Table 3. - Paraguay: Exports of selected commodities,
in specified years, 1929 to 1938

Commodity	1929	1932	1936	1937	1938
Quantity					
Cotton, ginned, bales -----	12,544	12,671	40,373	51,949	40,240
Quebracho extract, 1,000 lbs.:	92,375	109,357	80,131	84,707	81,211
Cattle hides, dry and	:	:	:	:	:
salted, number -----	276,591	300,614	312,402	290,512	354,843
Value in 1,000 U. S. dollars ^{1/}					
Cotton, ginned -----	710	441	1,514	3,120	2,192
Quebracho extract -----	2,631	1,943	1,450	1,622	1,518
Cattle hides, dry and salted :	1,029	686	801	790	948
Unit value in U. S. dollars					
Cotton, ginned, bale -----	56.60	34.80	37.50	60.06	54.47
Quebracho extract, lb. -----	.028	.018	.018	.019	.019
Cattle hides, dry and	:	:	:	:	:
salted, each -----	3.72	2.28	2.56	2.72	2.67

^{1/} Converted at rates shown in table 1.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economia, República del Paraguay.

Imports. - Imports into Paraguay in the decade 1929-38 were greatly affected by economic conditions within the country. The depreciation of the currency and other factors resulted in greatly increased prices of imported goods, and, as a result, imports of luxury goods, as well as those of all but the cheaper goods, declined markedly.

Imports into Paraguay from all countries and from the United States, in the period 1924-38, have already been shown in tables 1 and 2. The year 1929, the earliest year shown in the subsequent detailed tables, was not a peak year in imports from the world as a whole, having been exceeded (in terms of dollar value) in 1925 and 1928. Imports credited to the United States in 1929, however, exceeded the average for the 5 years 1924-28 by nearly two-fifths. Because of indirect trade through Argentina and Uruguay, the statistics of imports into Paraguay from the United States fail to show the total value of the trade, although the distortion is not so great as for exports.

Paraguayan imports, which in 1929 were valued at 13.8 million gold pesos (13 million dollars), declined to 6.4 million gold pesos (3.7 million dollars) in 1932. The decline affected imports in all commodity groups, but was most pronounced in metals and manufactures; apparatus and machinery; vehicles, rail and tramway material, boats, and motors; silk and rayon, and manufactures; and wood, palm, cane, straw, cork, and manufactures. After 1932 imports increased regularly, reaching 13 million gold pesos (9 million dollars) in 1938.

Preliminary reports indicate that in 1939 imports into Paraguay were valued at 12.6 million gold pesos (approximately 7.7 million dollars).^{1/}

Exports from Paraguay.

Composition. - Vegetable and animal products together usually account for more than 99 percent of all exports; vegetable products alone account for 60 to 75 percent of the total. Other Paraguayan export classifications are mineral products, miscellaneous products, and reexports. Exports from Paraguay, by groups and principal commodities, in specified years, 1929 to 1938, are shown in gold pesos in table 4 and in dollars in table 5.

For agricultural, forest, and animal products, there was a sharp drop in the dollar value of exports between 1929 and 1932, caused in large part by lower prices. Individual commodities within these groups sustained large decreases in value, except cottonseed meal, oranges and tangerines, meat concentrates,^{2/} meat extracts, and grease and tallow, the dollar values of which were greater in 1932 than in 1929. For the principal groups, the ratios of the dollar values of exports in 1938 to those in 1929 were as follows:

Agricultural products, 97 percent; forest products, 45 percent; and animal products, 60 percent. For the principal individual commodities they were cotton, 308 percent; yerba mate', 49 percent; quebracho extract, 58 percent; cattle hides, 92 percent; meat concentrates, 1,289 percent; canned and preserved meats, 40 percent; and meat extracts, 54 percent.

^{1/} Price and quantum indexes of Paraguayan imports are not available.

^{2/} Concentrated meat extracts.

Table 4. - Paraguay: Exports,^{1/} in terms of gold pesos, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

(Value in thousands of gold pesos)					
Commodity group, subgroup, or commodity ^{2/}	1929	1932	1936	1937	1938
Grand total	13,460	12,873	9,432	12,066	12,017
Vegetable products	8,138	7,244	6,362	9,099	7,606
Agricultural products	3,452	3,110	3,576	6,004	4,651
Cotton, ginned	747	754	2,277	4,435	3,193
Yerba maté, crude and prepared	1,216	1,143	518	748	831
Tobacco	1,151	799	392	499	334
Cottonseed meal	3	40	56	133	102
Oranges and tangerines	22	77	30	31	54
Forest products	4,686	4,134	2,786	3,095	2,955
Quebracho extract	2,765	3,325	2,181	2,305	2,210
Oil of petitgrain	258	220	234	354	318
Lumber and logs	1,343	540	306	352	308
Wood palings	235	26	55	60	87
Animal products	5,201	5,518	3,007	2,864	4,332
Cattle hides, dry and salted	1,082	1,174	1,205	1,122	1,381
Meat concentrates ^{3/}	49	311	426	363	863
Meats, canned and pre-served	1,398	926	364	584	775
Meat extracts	966	1,850	586	442	718
Grease and tallow	291	493	167	127	268
Mineral products	3	3	1	5	4
Miscellaneous products	29	14	6	6	7
Reexports (nationalized products)	89	94	56	92	72

^{1/} Special exports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values. The Paraguayan gold peso is equivalent to the Argentine gold peso.

^{2/} Classifications employed in this table are those given in the Paraguayan trade statistics for 1938. Groups are ranked according to value in 1938.

^{3/} Concentrated meat extracts.

^{4/} Not over 500.

Source: Compiled by the U. S. Tariff Commission from Memoria de la Dirección General de Estadística, Comercio Exterior del Paraguay, and Anuario del Ministerio de Economía.

Table 5. - Paraguay: Exports^{1/}, in terms of dollars, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

Commodity group, subgroup, or commodity ^{2/}	(Value in thousands of U. S. dollars)											
	1929			1932			1936			1937		
	Value	Percent of total	Exports	Value	Percent of total	Exports	Value	Percent of total	Exports	Value	Percent of total	Exports
Grand total	12,804	100.0	100.0	7,523	100.0	100.0	6,272	100.0	100.0	8,490	100.0	100.0
Vegetable products	7,742	60.5	4,233	56.3	4,231	67.4	6,402	75.4	5,222	63.3		
Agricultural products	2,284	25.7	1,817	24.2	2,378	37.9	4,224	49.8	3,193	38.7		
Cotton, ginned	710	5.5	441	5.9	1,514	24.1	3,120	36.8	2,192	26.6		
Yerba mate, crude and prepared	1,156	9.0	668	8.9	344	5.5	527	6.2	570	6.9		
Tobacco	1,095	8.6	467	6.2	261	4.2	351	4.1	229	2.8		
Cottonseed meal	3	3/	23	.3	37	.6	93	1.1	70	.8		
Orangee and tangerines	21	.2	45	.6	20	.3	22	.3	37	.4		
Forest products	4,458	34.8	2,416	32.1	1,853	29.5	2,178	25.6	2,099	24.6		
Quebracho extract	2,631	20.5	1,943	25.8	1,450	23.1	1,622	19.1	1,518	18.4		
Oil of petitgrain	245	1.9	129	1.7	155	2.5	249	2.9	218	2.6		
Lumber and logs	1,277	10.0	315	4.2	203	3.2	248	2.9	211	2.6		
Wood pallings	223	1.7	15	.2	37	.6	42	.5	60	.7		
Animal products	4,948	38.6	3,225	42.9	2,000	31.9	2,015	23.7	2,974	36.0		
Cattle hides, dry and salted	1,029	8.0	686	9.1	801	12.8	790	9.3	948	11.5		
Meat concentrates ^{3/}	46	.4	182	2.4	283	4.5	256	3.0	593	7.2		
Meats, canned and preserved	1,330	10.4	541	7.2	390	6.2	411	4.8	532	6.5		
Meat extracts	919	7.2	1,081	14.4	390	6.2	311	3.7	493	6.0		
Grease and tallow	277	2.2	288	3.8	111	1.8	90	1.1	184	2.2		
Mineral products	3	3/	2	.3	5/	3/	5/	3/	5/	3/		
Miscellaneous products	27	.2	8	.1	4	.1	4	.1	5	.1		
Reexports (nationalized products)	84	.7	55	.7	37	.6	65	.8	50	.6		

^{1/} Special exports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values. The Paraguayan gold peso is equivalent to the Argentine gold peso.

^{2/} Classifications employed in this table are those given in the Paraguayan export statistics for 1938. Groups are ranked according to value in 1938.

^{3/} Less than one-tenth of 1 percent.

^{4/} Concentrated meat extracts.

^{5/} Not over 500.

Source: Compiled by the U. S. Tariff Commission from Memoria de la Dirección General de Estadística, Comercio Exterior del Paraguay, and Anuario del Ministerio de Economía.

Exports of agricultural products, which represented about one-fourth of the value of all Paraguayan exports in 1929 and 1932, accounted for nearly one-half in 1937 and for more than one-third in 1938. The most important commodity in recent years has been cotton, the acreage devoted to that crop having increased markedly. On the basis of value, this product represented less than 6 percent of total exports from Paraguay in 1929 and 1932. In the years 1936, 1937, and 1938, however, it accounted for 24, 37, and 27 percent, respectively. The increasing importance of cotton has been accompanied by a decline in the shares formerly held by yerba mate and tobacco. The share of yerba mate, the most important agricultural export in 1929 and 1932, declined irregularly from 9 percent of total exports in those years to 7 percent in 1938. An even more marked decline was sustained by tobacco, which fell from second place among agricultural products in 1929, with a share of nearly 9 percent, to less than 3 percent of total exports in 1938, reflecting the transfer of large acreages to cotton production. Other Paraguayan agricultural exports include cottonseed meal, and oranges and tangerines.

The share of the value of total Paraguayan exports composed of forest products declined from more than one-third in 1929 to about one-fourth in 1938. Quebracho extract, the most important forest product, accounted for approximately three-fourths of all exports of forest products in the decade 1929-38. Other forest products include oil of petitgrain^{1/} and lumber and logs, each of which accounted for

^{1/} An essential oil distilled from orange leaves, and used in perfumes and flavorings.

less than 3 percent of the value of total Paraguayan exports in 1938. In 1929, lumber and logs accounted for 10 percent of total exports.

The proportion of total exports consisting of animal products in the decade 1929-38 ranged from 36 percent (1938) to 43 percent (1932). Commodities within the animal products group varied considerably in share. The most important in 1938 were dry and salted cattle hides (11 percent), meat concentrates (7 percent), canned and preserved meats (6 percent), and meat extracts (6 percent). Canned and preserved meats and meat extracts formed a smaller proportion of total exports in this year than in 1929. Cattle hides and meat concentrates, however, were more important elements in Paraguay's exports in 1938 than in 1929. Meat concentrates, which accounted for less than one-half of 1 percent of the value of total exports in 1929, represented 7 percent in 1938, reflecting the further processing of meat extracts in Paraguay.

Other Paraguayan exports, which are unimportant in relation to total shipments abroad, are mineral products, miscellaneous products, and reexports. In none of the years shown in table 5 did these three groups combined form more than 1 percent of total exports.

Destination. - Since exports from Paraguay are shipped in large part to Argentina "in transit," and since even those listed as direct exports to Argentina may subsequently be reexported from Argentina, it is not possible to indicate accurately the destination of Paraguayan exports by individual countries.

In 1929, 1932, and 1936, approximately nine-tenths of all Paraguayan exports, in terms of value, went to Argentina, either "in

transit" or as direct shipments. In 1937 the proportion was 42 percent, and in 1938, 47 percent. This decrease in recent years resulted from the decline in the share of direct shipments to Argentina. Shipments to Argentina "in transit" in 1938 (26 percent) were only slightly smaller than in 1929 (30 percent), but the share of direct shipments to Argentina declined irregularly from 55 percent of the total export trade in 1929 to 21 percent in 1938. This decline, and the accompanying rise in the shares of direct Paraguayan exports credited to the United States, the United Kingdom, and Germany (see table 7) may reflect improved statistical practice, as well as a tendency for Paraguayan exporters to establish direct connections with consuming centers.

In 1938, the destinations of exports, as given in the Paraguayan trade statistics, with the share of the total value taken by each country, were as follows: Argentina "in transit," 26 percent; Argentina, direct shipments, 21 percent; Germany, 14 percent; the United Kingdom, 13 percent; the United States, 12 percent; and Belgium-Luxemburg, 6 percent. Other markets listed in that year included France, South Africa, Uruguay, and Japan. Exports from Paraguay to selected countries, in specified years, 1929 to 1938, are shown in pesos in table 6 and in dollars in table 7. More detailed data for 1937 are shown in table 8.

Table 6. - Paraguay: Foreign trade with selected countries, in terms of gold pesos, in specified years, 1929 to 1938

(Value in thousands of gold pesos)					
Country	1929	1932	1936	1937	1938
Exports to: ^{1/}					
All countries -----	13,460	12,873	9,432	12,066	12,017
UNITED STATES -----	6	68	94	942	1,471
United Kingdom -----	49	2/	9	1,293	1,565
Germany -----	124	112	219	2,113	1,710
Japan -----	2	-	-	7	-
Italy -----	98	20	1	789	29
France -----	511	172	203	145	241
Argentina -----	7,397	6,634	3,175	2,313	2,568
Argentina in transit --	4,057	5,511	5,480	2,823	3,088
All other countries ---	1,216	356	251	1,641	3/ 1,345
Imports from: ^{4/}					
All countries -----	13,850	6,418	9,814	12,401	13,082
UNITED STATES -----	2,593	823	558	942	1,252
United Kingdom -----	1,683	766	940	1,107	1,260
Germany -----	1,307	512	1,358	1,742	1,496
Japan -----	298	217	1,361	1,703	1,953
Italy -----	711	323	203	312	330
France -----	723	215	136	144	206
Argentina -----	4,852	2,487	4,082	4,926	5,000
All other countries ---	1,683	1,075	1,176	1,525	3/ 1,585

^{1/} Special exports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values. The Paraguayan gold peso is equivalent to the Argentine gold peso.

^{2/} Less than 500.

^{3/} Includes trade with the following countries:

Exports to:	Gold pesos (1,000)	Imports from:	Gold pesos (1,000)
Belgium -----	670	Uruguay -----	333
		Belgium -----	315

^{4/} Special imports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economía, República del Paraguay.

Note: Because of indirect trade through Argentina and Uruguay, statistics of Paraguayan exports to the United States do not record the total value of the commodities ultimately destined for this market. Prior to 1937 this discrepancy was especially marked.

PARAGUAY

PERCENTAGE DISTRIBUTION OF IMPORTS AND EXPORTS

1929, 1932, 1936-1938

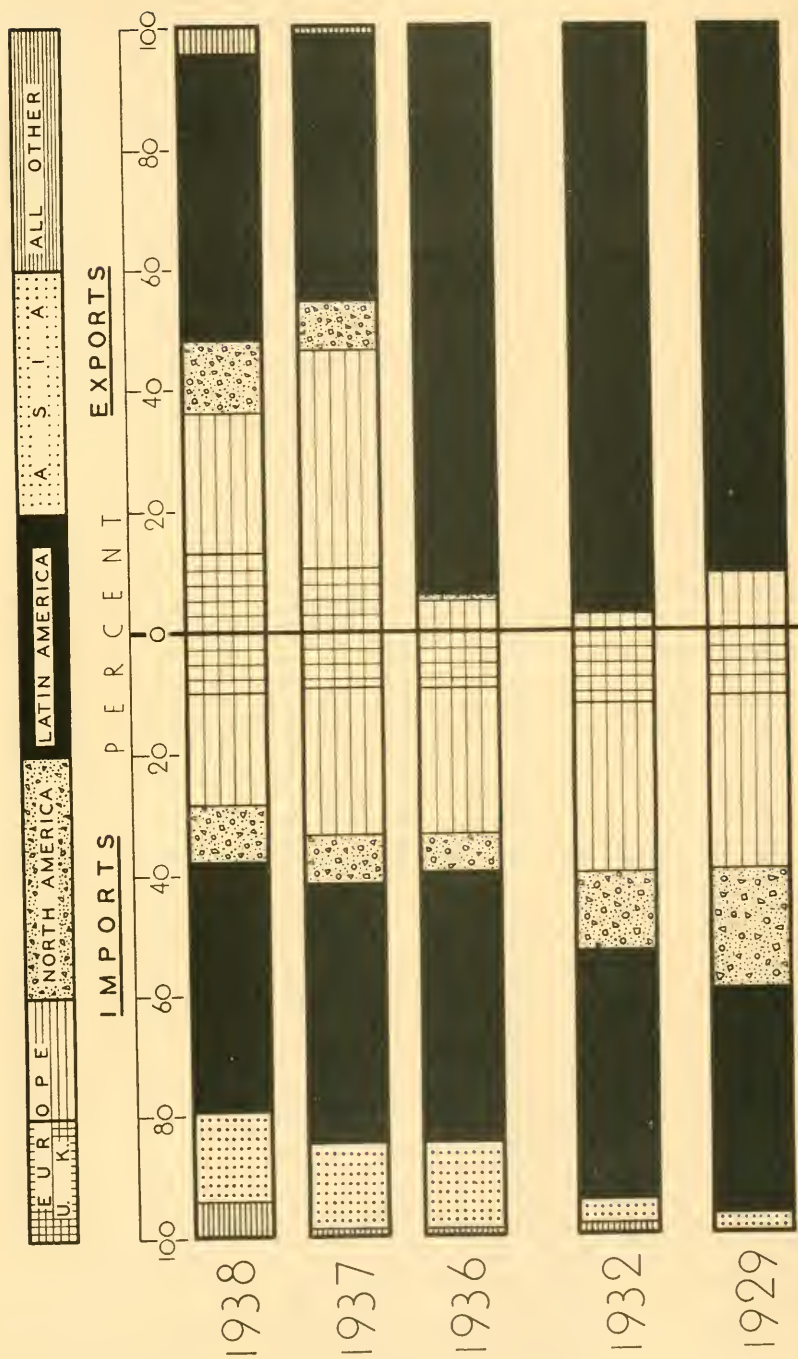


Table 7. - Paraguay: Foreign trade with selected countries, in terms of dollars, in specified years, 1929 to 1938

Country	(Value in thousands of U. S. dollars)					
	1929	1932	1936	1937	1938	
	Value	Value	Value	Value	Value	Percent of total
	Percent of total	Percent of total	Percent of total	Percent of total	Percent of total	Percent of total
Exports to: ^{1/}						
All countries	12,824	7,523	6,272	8,430	8,251	100.0
UNITED STATES	5	40	62	663	1,010	12.3
United Kingdom	46	3/	6	910	1,075	13.0
Germany	118	66	146	1,487	1,174	14.2
Japan	2	2/	-	5	-	-
Italy	93	11	-	555	20	2.2
France	486	3.8	1.2	102	165	2.0
Argentina	7,037	55.0	1.3	1,627	1,763	21.4
Argentina in transit	3,960	30.1	2,111	1,986	2,120	25.7
All other countries	1,157	9.1	3,644	1,155	4/ 924	11.2
Imports from: ^{5/}						
All countries	13,176	3,750	6,525	8,726	8,982	100.0
UNITED STATES	2,467	481	371	663	860	9.8
United Kingdom	1,601	12.2	625	779	865	9.6
Germany	1,244	299	903	1,226	1,027	11.4
Japan	283	127	905	1,198	1,341	14.9
Italy	676	5.1	135	220	227	2.5
France	688	5.2	90	101	141	1.5
Argentina	4,615	35.0	2,714	3,466	3,433	38.2
All other countries	1,602	12.2	783	1,073	1,088	12.1
Imports from: ^{5/}						
All countries	13,176	3,750	6,525	8,726	8,982	100.0
UNITED STATES	2,467	481	371	663	860	9.8
United Kingdom	1,601	12.2	625	779	865	9.6
Germany	1,244	299	903	1,226	1,027	11.4
Japan	283	127	905	1,198	1,341	14.9
Italy	676	5.1	135	220	227	2.5
France	688	5.2	90	101	141	1.5
Argentina	4,615	35.0	2,714	3,466	3,433	38.2
All other countries	1,602	12.2	783	1,073	1,088	12.1

^{1/} Special exports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values. The Paraguayan gold peso is equivalent to the Argentine gold peso.

^{2/} Less than one-tenth of 1 percent.

^{3/} Less than 500.

^{4/} Includes trade with the following countries:

Exports to:	U. S. dollars (1,000)	Percent of total
Belgium	460	5.6
Uruguay	228	2.5
Belgium	216	2.4

^{5/} Special imports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economía, República del Paraguay.

Note: For deficiencies in statistics of exports to the United States, see note on table 6 and accompanying text.

Table 8. - Paraguay: Foreign trade by geographic areas and principal countries, in 1937

(Value in thousands of U. S. dollars)

Exports 1/			Imports 1/		
(1 gold peso = \$0.7036)			(1 gold peso = \$0.7036)		
Exported to -	Value	Percent of total exports	Imported from -	Value	Percent of total imports
Western Hemisphere:			Western Hemisphere:		
Argentina	2/ 3,613	42.6	Argentina	3,466	39.7
United States	663	7.8	United States	663	7.6
Uruguay	160	1.9	Uruguay	112	1.3
All other Western Hemisphere countries	48	.5	Brazil	111	1.3
			All other Western Hemisphere countries	173	2.0
Total	4,484	52.8	Total	4,525	51.9
Europe:			Europe:		
Germany	1,487	17.5	Germany	1,226	14.1
United Kingdom	910	10.7	United Kingdom	779	8.9
Italy	555	6.5	Italy	219	2.5
Belgium	345	4.1	Belgium-Luxemburg	207	2.3
France	102	1.2	France	101	1.2
Netherlands	254	3.0	All other European countries	305	3.5
Poland	205	2.4			
All other European countries	89	1.1			
Total	3,947	46.5	Total	2,837	32.5
Asia:			Asia:		
Japan	5	.1	Japan	1,198	13.7
All other Asiatic countries	1	3/	All other Asiatic countries	160	1.8
Total	6	.1	Total	1,358	15.5
Africa			Africa		
	53	.6		3/	4/
Oceania			Oceania		
	-	-		6	.1
Grand total	8,490	100.0	Grand total	8,726	100.0

1/ Special trade. Gold and silver bullion and specie are excluded. The Paraguayan gold peso is equivalent to the Argentine gold peso.

2/ Includes \$1,986,000 in transit.

3/ Less than \$500.

4/ Less than 1/100 of 1 percent.

Source: Compiled by the U. S. Tariff Commission from Anuario del Ministerio de Economía, 1938-39.

Note: For deficiencies in statistics of exports to the United States, see note on table 6 and accompanying text.

Imports into Paraguay.

Composition. - Approximately three-fourths of all Paraguayan imports in the decade 1929-38 fell into six groups - foodstuffs, cotton and manufactures, metals and manufactures, apparatus and machinery, vehicles, and petroleum and products. Imports into Paraguay, by groups and principal commodities, in specified years, 1929 to 1938, are shown in gold pesos in table 9 and in dollars in table 10.^{1/}

Between 1929 and 1932 there was a sharp drop in the dollar value of imports in all groups shown in table 10.^{2/} Imports in all groups in 1938 were much larger than in 1932, but were smaller than in 1929 except for paper, cardboard, and manufactures; wood, palm, cane, straw, cork, and manufactures; and articles exempt from duty under certain conditions. For the principal groups, the ratios of the dollar values of imports in 1938 to those in 1929 were as follows: Foodstuffs, 60 percent; cotton and manufactures (chiefly manufactures), 67 percent; metals and manufactures, 84 percent; apparatus and machinery, 83 percent; vehicles, 76 percent; and petroleum and products, 58 percent.

^{1/} Data for individual commodities in 1937 and 1938 are not available; only group totals are shown for these years.

^{2/} Except "articles exempt from duty under certain conditions."

Table 9. - Paraguay: Imports, ^{1/} in terms of gold pesos, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

(Value in thousands of gold pesos)					
Commodity group, subgroup, or commodity 2/	1929	1932	1936	1937	1938
Grand total -----	13,850	6,418	9,814	12,401	13,082
Foodstuffs, beverages, preserves, tobacco, fodder, and seeds -----	3,697	1,565	2,601	3,058	3,088
Wheat flour -----	360	192	723	1,254)
Wheat -----	682	426	501	4/)
Sugar, refined -----	123	3/	359	423)
Salt, common -----	179	87	122	4/)
Butter and cheese -----	113	47	66	4/) 4/
Coffee -----	83	32	27	37)
Rice -----	28	1	5	46)
Wine, in general, and vermouth -----	158	58	30	4/)
Oils, edible -----	115	63	5	21)
Cotton and manufactures -----	2,443	1,435	1,871	2,139	2,274
Cotton cloth -----	1,871	1,083	1,504	4/	4/
Metals and manufactures, jewelry, clocks, and plated goods -----	1,375	532	1,245	1,736	1,596
Heavy or bulky articles of iron -----	5/ 297	5/ 98	340	520	4/
Apparatus, machinery, and accessories, and electrical goods -----	1,101	405	851	1,245	1,273
Electric light bulbs -----	27	16	22	28	4/
Sewing machines -----	41	12	3	4/	4/
Vehicles, rail and tramway material, boats, and motors -----	845	200	327	521	894
Automobiles -----	116	14	101	157)
Trucks -----	190	70	36	89) 4/
Automobile tires and tubes -----	71	35	26	4/)
Petroleum and products; tar, resin, fuel, and lubricants; stone and earthy materials; and manufactures -----	1,008	582	525	757	810
Naphtha, gasoline, etc. -----	571	323	189	4/)
Kerosene, fuel oil, etc. -----	171	125	124	152)
Lubricating oils and residues of mineral oils -----	92	78	98	6/ 77) 4/
Cement, roman and portland -----	69	27	47	55)
Paints, varnishes, dyes, perfumery, soap, and cosmetics, chemicals, drugs, and medicines -----	584	476	536	620	593
Pharmaceutical products -----	322	319	373	4/	4/
Perfumery -----	77	26	14	4/	4/
Linon, jute, sisal, other vegetable fibers, and manufactures -----	470	275	414	409	436

See footnotes at end of table.

Table 9. - Paraguay: Imports,^{1/} in terms of gold pesos, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938 - continued

(Value in thousands of gold pesos)					
Commodity group, subgroup, or commodity 2/	1929	1932	1936	1937	1938
Wool and hair, and manufactures -----	434	170	263	411	358
Wool fabrics -----	286	91	219	47	47
Paper, cardboard, and manufactures -----	210	207	208	292	345
Silk, natural and artificial, and manufactures -----	417	133	269	319	297
Silk fabrics -----	306	104	193	47	47
Wood, palm, cane, straw, cork, and manufactures -----	172	50	64	87	241
Glass and manufactures -----	86	40	97	107	86
Leather and leather goods, shoes and saddlery, feathers, and animal byproducts used in industry --	210	67	80	108	82
China, pottery, and other ceramic products -----	40	20	51	53	47
Miscellaneous products -----	745	236	378	494	436
Articles exempt from duty under certain conditions, and not included above -----	13	25	34	45	226

1/ Special imports. Gold and silver bullion and specie are excluded. Values are given in calculated "real" values. The Paraguayan gold peso is equivalent to the Argentine gold peso.

2/ Classifications employed in this table are those given in the Paraguayan import statistics for 1938. Groups are ranked according to value in 1938.

3/ Not more than 500.

✓ Not available.

5/ Iron in bars only.

6/ Lubricating oils only.

Source: Compiled by the U. S. Tariff Commission from Memoria de la Dirección General de Estadística, Comercio Exterior del Paraguay, and Anuario del Ministerio de Economía.

Table 10. - Paraguay: Imports in terms of dollars, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

Commodity group, subgroup, or commodity	(Value in thousands of U.S. dollars)									
	1929		1932		1936		1937		1938	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
	(1 gold peso=\$0.9513)	(1 gold peso=\$0.584)	(1 gold peso=\$0.669)	(1 gold peso=\$0.706)	(1 gold peso=\$0.686)					
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
	Imports	Imports	Imports	Imports	Imports	Imports	Imports	Imports	Imports	Imports
Grand total	13,176	100.0	3,750	100.0	6,525	100.0	8,726	100.0	8,982	100.0
Foodstuffs, beverages, preserves, tobacco, fodder, and seeds	3,517	26.7	915	24.4	1,730	26.5	2,152	24.7	2,120	23.6
Wheat flour	342	2.6	112	3.0	480	7.4	882	10.1		
Wheat	648	4.9	249	6.6	333	5.1				
Sugar, refined	117	.9	3/	4/	239	3.7	297	3.4		
Salt, common	170	1.3	51	1.4	81	1.2				
Butter and cheese	108	.8	28	.7	44	.7			5/	
Wine, in general, and vermouth	150	1.1	34	.9	20	.3	26	.3		
Coffee	79	.6	19	.5	18	.3	32	.4		
Rice	27	.2	1	.0	4	.1	15	.2		
Oils, edible	110	.8	37	1.0	3	.1				
Cotton and manufactures	2,324	17.7	838	22.4	1,244	19.1	1,505	17.2	1,561	17.4
Cotton cloth	1,780	13.5	633	16.9	1,000	15.3	5/		5/	
Metals and manufactures, jewelry, clocks, and plated goods	1,208	9.9	311	8.3	827	12.7	1,222	14.0	1,096	12.2
Heavy or bulky articles of iron	6/ 283	2.1	6/ 57	1.5	226	3.5	366	4.2	5/	
Apparatus, machinery, and accessories, and electrical goods	1,047	8.0	236	6.3	566	8.7	876	10.0	874	9.8
Electric light bulbs	25	.2	9	.2	14	.2	20	.2	5/	
Sewing machines	39	.3	7	.2	2	.0	5/		5/	
Vehicles, rail and tramway material, boats, and motore	804	6.1	117	3.1	217	3.3	366	4.2	614	6.8
Automobiles	111	.8	8	.2	67	1.0	111	1.3		
Trucks	181	1.4	41	1.1	24	.4	62	.7	5/	
Automobile tires and tubes	68	.5	20	.5	17	.3	5/			
Petroleum and products; tar, resin, fuel, and lubricants; stona and earthy materials; and manufactures	959	7.3	340	9.1	349	5.3	533	6.1	556	6.2
Nachtha, gasoline, etc.	543	4.1	189	5.0	126	1.9	5/			
Kerosene, fuel oil, etc.	162	1.2	73	2.0	82	1.3	107	1.2		
Lubricating oils and residues of mineral oils	87	.7	46	1.2	65	1.0	7/ 54	.6	5/	
Cement, roman and portland	65	.5	16	.4	31	.5	39	.4		
Paints, varnishes, dyes, perfumery, soap, and cosmetic, chemicals, drugs, and medicines	556	4.2	278	7.4	356	5.5	436	5.0	407	4.5
Pharmaceutical products	306	2.3	186	5.0	248	3.8	5/		5/	
Perfumery	74	.6	15	.4	9	.1	5/		5/	
Linen, jute, sisal, other vegetable fibers, and manufactures	447	3.4	161	4.3	275	4.2	288	3.2	300	3.3
Wool and hair, and manufactures	413	3.1	99	2.6	175	2.7	290	3.3	216	2.8
Wool fabrics	272	2.1	53	1.4	145	2.2	5/		5/	

See footnotes at end of table.

The most important import group - foodstuffs (including beverages, preserves, tobacco, fodder, and seeds) - has accounted for approximately one-fourth of the value of total imports in the years shown in table 10. Wheat flour was the most important single commodity in this group, followed by wheat and refined sugar. Other foodstuffs imported have included salt, butter and cheese, wines, and edible oils.

On the basis of value, imports of cotton and manufactures into Paraguay ranged between 17 percent and 22 percent of total imports in the specified years 1929 to 1938. Cotton cloth alone has accounted for more than three-fourths of all imports in this classification. Metals and manufactures, the most important item of which is iron in bars, constituted between 8 and 14 percent of all imports; the share in 1938 was 12 percent.

Other important Paraguayan imports, with share of the value of total imports in 1938, were apparatus, machinery and accessories, and electrical goods, 10 percent; vehicles, rail and tramway materials, boats, and motors, 7 percent; petroleum and products, tar, resin, fuel and lubricants, stone and earthen materials, and manufactures, 6 percent; paints, varnishes, dyes, perfumery, soap and cosmetics, chemicals, drugs, and medicines, 4 percent; and linen, jute, sisal, other vegetable fibers, and manufactures, 3 percent. The share of some of these groups has fluctuated considerably in recent years.

None of the remaining import groups (except miscellaneous products) represented as much as 3 percent of the value of total imports in 1938 (see table 10). Articles exempt from duty under certain conditions accounted for nearly 2 percent of the value of all imports in 1938.

Sources. - The primary sources of Paraguay's imports cannot be determined accurately because a large portion of the imports credited as entering from Argentina originate elsewhere and are re-exported to Paraguay from Argentina. During the decade 1929-38, between 35 percent (1929) and 42 percent (1936) of all Paraguayan imports were credited as entering from Argentina.

In 1938, according to Paraguayan statistics, Argentina was the principal supplier of imports into Paraguay, with a share of 38 percent of the total value. Other important sources, with their share of the total, were Japan, 15 percent; Germany, 11 percent; the United Kingdom, 10 percent; and the United States, 10 percent. Still other suppliers included Uruguay, Italy, Belgium, and France. Imports into Paraguay, from selected countries, in specified years, 1929 to 1938, have already been shown in tables 6 and 7. More detailed data for 1937 are shown in table 8.

United States Trade with Paraguay

United States trade with Paraguay, as reported in United States statistics, is smaller than that with any other country in Latin America and represents less than one-half percent of the total trade between the United States and Latin America. The reported imports from Paraguay, however, have risen considerably in recent years, both in value and in relation to total United States purchases from Latin America. In 1939 reported imports from Paraguay amounted to 1.8 million dollars and represented 0.35 percent of total purchases from Latin America; in 1927, the peak year of imports preceding the depression, they were but 913 thousand dollars and represented only 0.1 percent of the total. Most of this absolute and relative growth in trade has occurred in the last few years (see table 11), and much of it is apparently due to the more accurate reporting of countries of origin in United States statistics.

As a market for United States merchandise (according to the reported figures), Paraguay has not kept pace with its apparent growth in importance as a source of imports. In 1939 reported exports to Paraguay totaled 575 thousand dollars, and while much higher than in middepression years, they were materially smaller than in the years 1927-30; moreover, they represented a smaller portion of total United States sales to Latin America. In the first 9 months after the outbreak of the European war, United States exports to Paraguay increased about 47 percent compared with the same period of 1938-39, or almost as much as in exports to Latin America as a whole.

The apparent balance of trade ^{1/} between the United States and Paraguay (also shown in table 11) has undergone a marked shift since 1934. Previously, according to the reported statistics, the United States has had a large export trade balance, but with the sharp increase in reported imports from Paraguay in the last 5 years, there was an apparent shift to an import trade balance which has grown steadily since 1935.

The reported statistics of the trade between the United States and Paraguay are not, however, satisfactory measures of the amount or the trend of the trade actually moving between the two countries; prior to 1937 this was especially true. A large part of Paraguayan trade is transshipped through adjacent countries. Some United States imports originating in, and exports destined to, Paraguay have been reported as imports from, or exports to, nearby countries, especially Argentina and Uruguay. The volume of trade thus omitted has decreased in recent years, especially in the case of imports. Greater emphasis has been laid recently on the reporting of United States imports on the basis of the country of origin. Moreover, there has been a marked tendency for Paraguayan importers and exporters to establish direct connections with consuming and supplying centers, reducing the amount of indirect trade.

^{1/} Statistics of the balance of payments between the United States and Paraguay, of which the merchandise balance is one item, are not available as they are for all other Latin American countries.

Table 11. - United States imports from and exports to Paraguay, 1924-39, and in the first 9 months of the European war

(Value in thousands of dollars)

(value in thousands of dollars)

Year	General imports		Exports (including reexports)		Balance of trade Import balance (-) Export balance (+)
	Percent of		Percent of		
	total United		total United		
	Value	States imports	Value	States exports	
		from Latin		to Latin	
		America		America	
1924-----	114	0.01	821	0.11	+ 707
1925-----	380	.04	902	.11	+ 522
1926-----	541	.05	905	.11	+ 364
1927-----	913	.10	1,317	.16	+ 404
1928-----	546	.06	1,354	.16	+ 808
1929-----	529	.05	1,500	.16	+ 971
1930-----	247	.04	1,067	.17	+ 820
1931-----	155	.03	602	.19	+ 447
1932-----	100	.03	281	.14	+ 181
1933-----	262	.08	451	.21	+ 189
1934-----	404	.11	647	.21	+ 243
1935-----	743	.16	700	.20	- 43
1936-----	540	.11	324	.08	- 216
1937-----	1,095	.16	743	.13	- 352
1938-----	1,336	.29	644	.13	- 692
1939 ^{1/} ----	1,803	.35	675	.12	-1,128
9 mos. Sept:					
-May 1/----					
1938-39-	1,135	.32	561	.15	- 574
1939-40-	1,505	.33	824	.15	- 681
Percent					
change-	+32.6		+46.9		

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Note: For statistical deficiencies, see accompanying text.

United States imports from Paraguay.

Composition. - Quebracho extract and canned beef constitute all but a small part of United States purchases from Paraguay. In 1939 quebracho extract represented 58 percent of total imports and canned beef 33 percent. Purchases of both products, recorded as entering from Paraguay, were materially greater in 1939 than in any preceding year, the increase for quebracho extract being especially large (see table 12).

Virtually all the United States requirements of quebracho are supplied by imports from Argentina and Paraguay. In 1939 total United States imports of quebracho extract were valued at 5.1 million dollars, of which imports from Argentina represented 80 percent and those from Paraguay 20 percent. Although the statistics indicate that in recent years imports of quebracho from Paraguay have increased greatly whereas imports from Argentina have decreased, this may not represent an actual shift in the trade because previous "in transit" shipments from Paraguay may now be reported as from that country rather than Argentina. United States imports of quebracho constitute all but a small part of total imports of vegetable tanning extracts and supply more than 40 percent of all United States consumption of tannin. About 90 percent of the consumption of quebracho is in the tanning of heavy leathers, including sole, belting, and harness leather.

Dutiable status of imports. - Inasmuch as the two principal imports from Paraguay are dutiable, only a small fraction of total purchases from that country enter the United States free of duty. Quebracho extract is subject to a duty of 15 percent; the duty on

canned beef, 6 cents per pound (but not less than 20 percent) had an ad valorem equivalent of 62 percent on imports from Paraguay in 1939.

United States exports to Paraguay.

The United States sells to Paraguay chiefly manufactured products, by far the principal group of commodities being machinery and vehicles (see table 13).

The leading individual exports to Paraguay, shown in table 14, are trucks, passenger cars, tin plate, auto parts, radio receiving sets, and electric refrigerators. Tin plate bulks large in the trade because of Paraguay's meat canning industry. Though aggregate reported exports to Paraguay in recent years have been materially smaller than before the depression, a number of leading commodities - tight shooks (cooperage), tin plate, electric refrigerators, radio sets, and cotton gins - have been exported in much greater value than in 1929, when total exports to Paraguay were materially larger than in several preceding years.

Table 12. - United States imports for consumption from Paraguay of principal commodities,
in specified years, 1929 to 1939

Commodity	1929	1932	1936	1937	1938	1939 1/
Unit	Quantity					
Canned beef, including corned beef	1,000 lbs.	3,050	393	722	2,100	4,271
Sausage casings, other than sheep, lamb, and goat	do.	27	-	-	38	120
Cottonseed oil, crude and refined	do.	-	-	-	-	602
Petitgrain oil	do.	17	19	27	65	87
Quebracho extract	do.	252	13,808	14,649	26,061	22,247
Bone ash, dust, and meal, and animal carbon for fertilizer	Ton	-	-	488	-	715
Tariff status	Value in 1,000 dollars					
Canned beef, including corned beef	Dutiable	369	38	56	180	413
Sausage casings, other than sheep, lamb, and goat	Free	12	-	-	1	7
Cottonseed oil, crude and refined	Dutiable	-	-	-	-	22
Petitgrain oil	Free	28	11	17	52	65
Quebracho extract	Dutiable	11	202	439	841	731
Bone ash, dust, and meal, and animal carbon for fertilizer	Free	-	-	6	-	18
Imports of commodities shown		421	251	518	1,074	1,256
Total imports from Paraguay		2/	2/	539	1,089	1,277
Principal imports as percent of total value		2/	2/	96.1	98.6	98.4

1/ Preliminary. 2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 13. - United States exports (domestic merchandise)
to Paraguay by commodity groups, in 1938 and 1939

(Value in thousands of dollars)

Commodity group	Value		Percent of total	
	1938	1939 ^{1/}	1938	1939 ^{1/}
Animals and animal products, edible	2/	15	0.1	2.2
Animals and animal products, inedible: (except wool and hair) -----	1	6	.2	.9
Vegetable food products and beverages -----	5	5	.8	.7
Vegetable products, inedible (except fibers and wood) -----	35	30	5.5	4.5
Textile fibers and manufactures -----	5	5	.8	.7
Wood and paper -----	17	59	2.6	8.8
Nonmetallic minerals -----	53	28	8.2	4.2
Metals and manufactures (except machinery and vehicles) -----	56	133	8.7	19.8
Machinery and vehicles -----	335	299	52.1	44.5
Chemicals and related products -----	31	44	4.8	6.6
Miscellaneous -----	104	48	16.2	7.1
Total -----	643	672	100.0	100.0

^{1/} Preliminary.

^{2/} Less than \$500.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 14. - United States exports (domestic merchandise) to Paraguay, of principal commodities, in specified years, 1929 to 1939

Commodity	Unit of quantity	(Value in thousands of dollars)									
		1929	1932	1936	1937	1938	1939	1939	1939	1939	1939
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Automobile tire casings	Number	1,605	26	822	9	511	2	1,160	23	1,012	15
Leaf tobacco	1,000 lbs.			3	2	2	4	4	2	5	2
Oilseeds, other than soy beans	do.	300	3	1,000	2	5,500	9	4,954	10	10,500	22
Tight shocks (cooperage)	Set										
Gasoline and other petroleum motor fuel in bulk and in containers	1,000 bbls.	2	17	1	5	2	20	4	15	1	4
Illuminating oil (kerosene) in bulk and containers	do.	4	25	1	3	4	19	2	10	2	14
Lubricating oil; red and pale, and cylinder	do.	2	24	2	4	1	11	2	16		
Iron and steel scrap (including tin-plate scrap)	Ton	3	3			8,678	27			3,269	2
Steel sheets, galvanized	100 lb.					28		80	8	614	56
Tin plate, ternaplate, and taggers' tin	Sh. ton					8	12	31	2	28	2
Rails, 60 pounds and over per yard	Ton			36	1	88	33	425	1	665	7
Galvanized wire	Sh. ton					497	5		4		
Barbed wire	do.	870	12						14		2
Axes (broad and hand)	Dosen								7		5
Metal drums and containers for oil, gas, and other liquids											
Miscellaneous iron and steel manufactures	3/										
Tin and manufactures (except tin hollow ware)											
Stena turbines generator sets	Number							1	6		
Self-contained lighting outfits	do.							7	3	57	2
Storage batteries	do.	4	7	4	1	4	4	6	4	1,195	6
Flashlight batteries	1,000 cells	50	50	99	4	122	21	169	6	24	1
Electric refrigerators, household	Number	3	3	419	12	680	40	1,598	34	1,032	27
Radio receiving sets	do.							5	3	3	1
Radio receiving tubes	1,000 tubes							41	1		
Petroleum and gas well-drilling apparatus								2	4		
Engines (power-driven)	Number							11	8		10
Cotton gins, cotton presses, and parts	5/							5	2		6
Typewriters	Number	134	13	217	10	49	3	267	12	155	8
Motor trucks, buses, and chassis (new)	do.	5/	8	22	10	39	23	185	64	118	72
Automobile parts for replacement	do.	138	36	15	7	67	45	107	67	69	47
Landplanes (powered)	Number	3	3	3	3		28		20		39
Engines for aircraft	do.										
Railway passenger cars	do.										

Footnotes at end of table.

Table 14. - United States exports (domestic merchandise) to Paraguay, of principal commodities, in specified years, 1929 to 1939-continued

Commodity	Unit of quantity	(Value in thousands of dollars)											
		1929		1932		1936		1937		1938		1939 1/	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Laxatives, purgatives, and cathartics	-	-	-	-	-	-	-	-	-	-	-	-	-
Dental creams	1,000 lbs.	-	-	2/	1	-	-	-	-	-	-	-	-
Dental instruments, equipment, and supplies	-	-	-	1	1	-	-	4	5	-	-	-	-
Scientific, laboratory, and professional instruments	-	-	-	3	2	-	-	4	7	11	10	7	7
and apparatus, including surgical and medicinal	-	-	-	-	-	-	-	1	3	-	-	-	2
Machine and heavy ordnance guns and carriages	-	-	-	-	-	-	-	-	-	-	-	-	-
Metallic cartridges	Number	32	-	1	2/	-	-	-	2/	-	3	-	2
Miscellaneous printed matter	Thousands	56,648	-	31	2/	14	-	-	-	100	68	-	-
Household refrigerators, except electric	Number	-	-	17	1	-	-	492	9	144	3	9	2/
Miscellaneous articles	Number	3/	-	3/	2/	6	-	-	21	-	2	-	13
	-	-	-	2	2	-	-	33	4	58	6	76	7
	-	-	-	-	-	-	-	-	1	-	7	-	1
Exports of commodities shown		419	84	-	-	-	-	-	585	-	510	-	413
Total exports to Paraguay		1,500	277	-	-	-	-	-	742	-	643	-	672
Principal exports as percent of total value		27.9	30.1	-	-	-	-	-	78.8	-	79.3	-	61.4

1/ Preliminary.
 2/ Less than 500.
 3/ Not separately classified.
 4/ Quantities not comparable.
 5/ Data not strictly comparable for the series.
 6/ May include some second-hand articles.

Source: Compiled from official statistics of the U. S. Department of Commerce.

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